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C O N F I D E N T I A L SECTION 01 OF 03 YEREVAN 000369

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SUBJECT: WHAT TO EXPECT IN MILESTONE YEREVAN ELECTION

REF: YEREVAN 364 AND PREVIOUS

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Classified By: AMB Marie L. Yovanovitch, reasons 1.4 (b/d).

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SUMMARY  
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11. (C) In the first elections to Yerevan's new municipal council and mayor on Sunday May 31, voters are generally apathetic, but the country's main political forces are aware of the stakes of the vote and preparing for a hard-fought election. In an election of firsts, this is shaping up as a tense showdown between the ruling Republican Party and its ambitious junior partner, Prosperous Armenia. Political insiders tell us that the Republicans and Prosperous Armenia will finish first and a close second, the ANC a not-so-distant third, giving it a voice in government for the first time. The other four parties will likely fail to cross the seven percent threshold to enter the council. We expect Republican candidate Gagik Beglarian to become mayor. As with every Armenian election, there is a strong potential for widespread fraud and low-scale violence at polling places, but we do not expect a replay of the post-election unrest in 2008, as Armenians are more focused on weathering the economic crisis than on local politics. END SUMMARY.

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AN ELECTION OF "FIRSTS"  
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12. (C) For the first time in Armenia's post-Soviet era, Yerevan's citizens will have the opportunity, albeit indirectly, to elect their mayor. They will choose the first city council, a body of 65 representatives elected by proportional representation, who will then select the mayor from the party that wins the majority of votes. The mayor will then, for the first time, appoint the 12 prefects to lead Yerevan's 12 administrative districts, who until now have been directly elected by voters.

13. (C) The post of Yerevan mayor is a unique one in the Armenian context, with the mayor governing between one-third and one-half of the country's population, and having at his disposal access to unparalleled administrative, financial, and political powers. It is for this reason that in 1995, when Armenia adopted its first post-Soviet constitution, then-President Levon Ter-Petrossian (LTP) justified the appointment -- not election -- of the mayor by famously saying, "the country does not need a second president." Yerevan's mayors have been feared and reviled by their political opponents, particularly for their brazen use of power to enrich themselves and their cronies, and for depriving opposing elites of any substantive role in the city's administrative, political, or financial life.

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PARTIES SEIZING THE MOMENT  
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14. (C) While Yerevan's 775,000 registered voters may be oblivious to the unprecedented stakes of the election, the country's leading political parties are not. For the first time, they have an opportunity to contest the country's second most coveted post, and to use it not only to empower themselves and keep their rivals at bay, but also as a platform for expanding their political strength at the national level. Indeed, the election presents a unique opportunity to reshape the political landscape, with some parties certain to grow stronger and others weaker as a result. With this election the last major vote in Armenia until the 2012 parliamentary elections, it represents the last chance for parties to solidify, expand, and gauge their electoral base. This is important, as the successful parties will use the outcome of the election to negotiate with the ruling authorities a larger role in Armenia's national political space. Conversely, those parties that fare poorly will likely be consigned to the political wilderness for the next three years, where they will inevitably grow weaker.

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WINNERS, LOSERS, AND OUTCASTS  
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15. (C) We expect the election to result in several parties "winning," two parties "losing," and two marginal parties continuing to be the outcasts they already are. The results will be determined both by legitimate voting, and probably also by widespread fraud by the ruling parties contesting the election. Political insiders we talk to say the top three vote winners will be the ruling Republican Party of Armenia

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(RPA), the RPA's junior partner Prosperous Armenia (PA), and the Armenian National Congress (ANC) bloc. Our contacts say the RPA will finish first, PA a not-too-distant second, and ANC third, with the latter having a realistic chance of netting between ten and 20 percent of the vote. If it finishes as predicted, ANC's strong performance -- and Yerevan is its traditional power base in the country -- would allow it a seat at the table of modern Armenian politics, where it could work to consolidate its national political base as the country's largest political opposition.

16. (C) According to our contacts, the "losers" will likely be the Armenian Revolutionary Federation - Dashnaktsutiun (Dashnaks), and the Rule of Law party, who until the Dashnaks' exit from the ruling coalition on April 27, used to be the third and fourth partners, respectively, of the ruling coalition. Although the Dashnaks have attempted to run an "opposition" campaign by selecting a new, young candidate with reformer credentials, we expect a month will not be enough for them to convince Yerevan's voters of their new opposition credentials. The Dashnaks also usually fare better in Armenia's regions than in Yerevan. The Rule of Law party is now widely viewed as a fake by Armenia's voters, in light of its decision to abruptly join the ruling coalition ten days after its strident oppositional campaign for the 2008 presidential election. Its leader, Artur Baghdassarian, is viewed as the chameleon of Armenian politics, willing to sell his party out to the highest bidder. It is possible, our contacts say, that neither the Dashnaks nor Rule of Law will meet the seven percent threshold required to win seats on the city council.

17. (C) The outcasts will be the People's Party, led by the eccentric Tigran Karapetian, and the Socialist Labor Party of Armenia, neither of which are expected to receive more than one-two percent of the vote. They could, however, potentially play a spoiler role in the vote count dispute process that -- given past practice -- is sure to be invoked the day after the election. (Note: The vote count dispute

process is a first-come, first-serve process that is limited to five days by the Electoral Code. Those complaints that cannot be reviewed in that time span are not reviewed at all. End Note.)

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NEW STORYLINE TO ELECTION: RPA VS. PA  
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¶8. (C) Although the RPA will work on Election Day to keep LTP's ANC from netting too many votes, as it did by hook and by crook in the 2008 presidential election, it will also have to closely watch its own back this time. The rivalry between the PRA and PA has been surprisingly intense. There have been at least five violent altercations between RPA and PA partisans during the election campaign, with some of these involving guns and clubs. While the two parties brawled during the 2007 parliamentary elections, it was largely confined to isolated events on Election Day. But this time around, PA appears to be serious about actively campaigning in RPA strongholds around Yerevan's 12 communities, which has elicited the RPA's ire.

¶9. (C) With the largest war chest, and with oligarch and party boss Gagik Tsarukian actively engaged in the campaign, PA appears to be gaining resonance with voters, even if Tsarukian himself is not running. (Note and Comment: Harutyun Kuskhian, Armenia's current Health Minister, tops the PA party list, but his stature pales in comparison with Tsarukian's. When people vote for PA, they will likely be voting by association, with Tsarukian, not Kuskhian, foremost in their minds. End Note and Comment.) Although Tsarukian is joked about as a country bumpkin by Yerevan's elites, his rags-to-riches background appeals with some voters whose financial situation is unsure and who may have recently lost their jobs. Tsarukian's record of keeping thousands of people employed through the financial crisis, and his politically-motivated philanthropy is reassuring to such people.

¶10. (C) Most importantly, Tsarukian is not a Sargsian man, and it is strongly rumored that the two don't get along. With his political benefactor ex-President Robert Kocharian assuming an uncharacteristically low profile during this election, it appears Tsarukian could be on his own this time around in challenging Sargsian's RPA, and so far appears to be doing so somewhat successfully. With large rallies featuring musical performances, his bankrolling the repairs of run-down apartment courtyards around Yerevan, and his optimistic message to crowds that Armenia will weather the crisis, Tsarukian seems to be pulling out all the stops for a strong showing. (Comment: Insiders have told us Tsarukian's

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public image is improving, and that he is diligently working on this with the help of consultants. End Comment.)

¶11. (C) In contrast, RPA's top candidate, Gagik Beglarian, is relatively unknown and has nowhere near the stature that Tsarukian -- albeit controversially -- enjoys. As the twice-elected prefect of Yerevan's Kentron (Central) District, Beglarian is better known for his reputed association with criminal elements, his fraudulent campaigns, and enrichment as prefect through sweetheart real estate deals. In spite of these associations, Beglarian is known to possess considerable management skills, a trait that could appeal to voters looking for better management of the capital.

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EXPECT TENSION, FRAUD AND VIOLENCE  
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¶12. (C) Armenia's elections bring out the worst in its sometimes-violent "king of the mountain" political culture. As in past elections, we expect to see and receive widespread reports of voter intimidation, vote fraud, and violence

initiated by the ruling parties, in this case the RPA and PA.

The ANC and Dashnaks have already complained about RPA electoral violations during the campaign. The ANC even got the Constitutional Court to rule against the Central Electoral Commission's interpretation of the Electoral Code that it said allowed it, the CEC, to register voters for the election who did not permanently reside in Yerevan. Ballot-stuffing, carousel voting, bussing in of voters, multiple voting, vote-buying, tampering with the vote count -- all could be on display on May 31. We expect to see the ruling parties once again use intimidation tactics and outright violence to respond to vote-rigging allegations by ANC or other opposition proxies or electoral commission members. We also expect that opposition or independent media will once again be roughed up if they try to document the fraud. The one new element in this election could be the RPA and PA fighting it out in broad daylight at polling stations in a way we have not seen before.

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REPLAY OF 2008? DON'T THINK SO  
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¶13. (C) Although the ANC is touting the election as the "second round" of the 2008 presidential election, most Yerevan residents don't see it that way and are focused on economic survival in tough times. "Yerevantsi" don't see these elections as helping them solve bread-and-butter issues and the rest of the country is not focused on municipal elections in another place.

¶14. (C) We do not expect post-election violence, but if it occurs, the authorities will be more than ready to suppress it before it can build into major street protests. Lastly, LTP himself has vowed to pursue regime change through constitutional means alone. With about 50 of his closest loyalists still in jail after last year's presidential election, LTP may be less eager to provoke a confrontation that he cannot win.

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MOOD ON THE STREET  
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¶15. (C) Not surprisingly, most people we talk to on the street are not personally vested in the election. They are either turned off, or have tuned out. Many say they will either not vote, or don't yet know who they will vote for. Others say they will vote against all. (Note: That is not an option now in Armenian elections. But one can assume these voters will instead invalidate their ballots with impermissible markings to make their point. End Note.) For those people who know who they want to vote for, they usually base their decision not on the issues, but on the personality of the candidate, or something the candidate/party has done for them recently, such as paving their potholed roads or fixing their apartment buildings' back yards. In either case, the RPA, PA, and ANC are best positioned to receive these votes, because of their candidates or parties' statures, or because of RPA's and PA's pre-election prowess in financing beautification projects.

YOVANOVITCH